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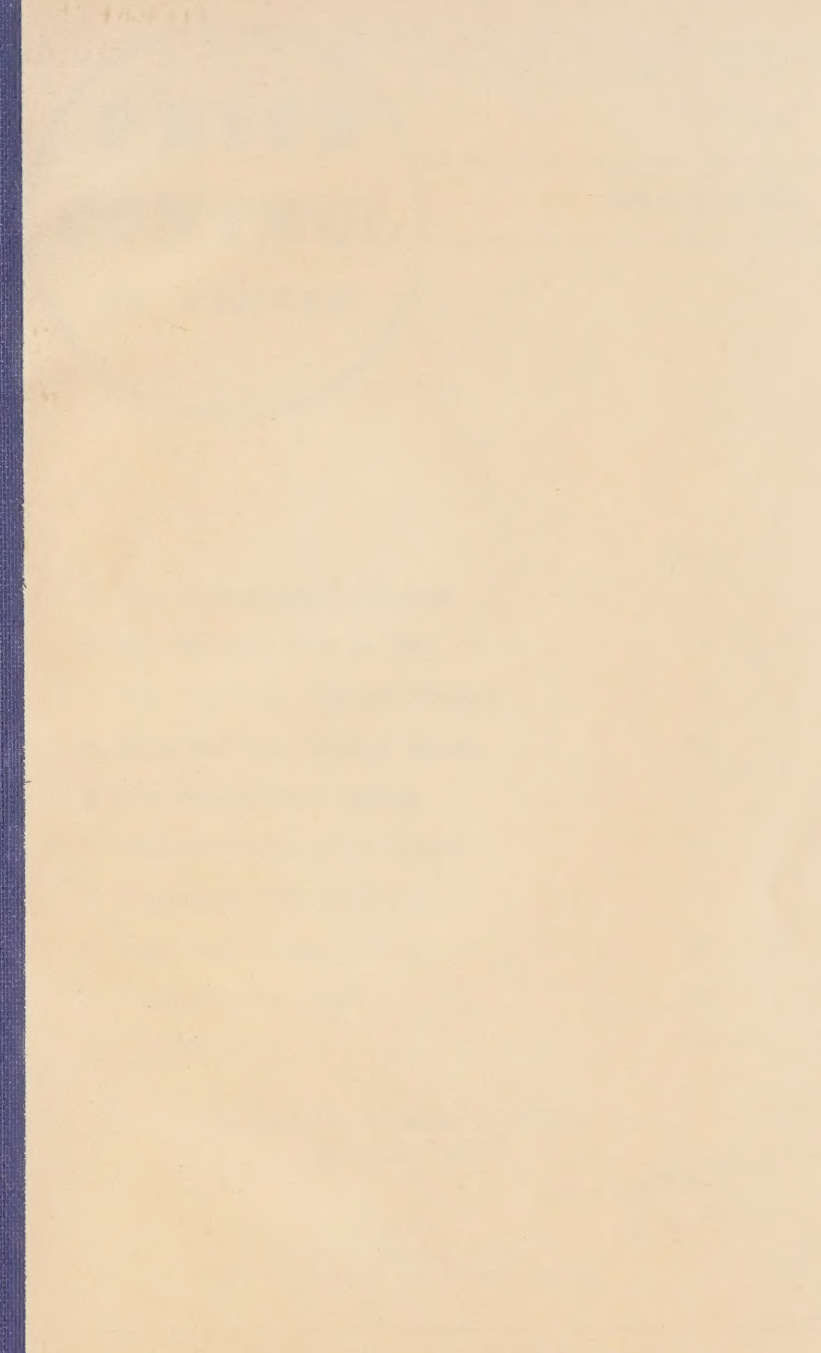
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Canada. Wartime Prices and Trade
Board

Price control in Canada.

Booklet no.1.







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PRICE CONTROL IN CANADA

BOOKLET No. 1

	PAGE
1. Why Price Control is Needed	1
2. How the Need Grew in 1941	4
3. Why We Have "Overall" Control	9
4. What the Price "Ceiling" Means	13
5. How Price Control Applies	22
6. Women's Part in Price Control	30
7. Organization for Price Control	34
8. Board and Representatives	38
Organization Chart	20
Index	40

*Compiled by Kenneth R. Wilson
December, 1941*

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CANADIANS are in action to control prices and defeat inflation. The entire nation is enlisted in this battle. No campaign quite like it has ever been undertaken by a free people anywhere in the world.

The purpose of this booklet is to give a general outline of the price control policy: why it is necessary; how it has developed; how it is being applied.

Additional copies of this booklet may be obtained, without charge, by writing to the Wartime Prices and Trade Board, Ottawa.

December 29, 1941

1. Why Price Control is Needed

. . . . Price control is simply a defence against runaway inflation. To understand price control, the first point is to understand what inflation means and does.

Inflation is like fire: a useful servant but a fearful master. Uncontrolled it would undermine the war effort by disruption of prices and costs. Efficient production of war materials and supply would become impossible.

Inflation can destroy any system of security for the future. Even in Canada in 1921, there were 21,000 business failures mostly of "little" independent merchants and manufacturers. Canadian farmers are still suffering from the effects of post-war deflation—inevitable aftermath of runaway inflation. In Germany the collapse was complete and catastrophic.

In every town and hamlet Canadians have suddenly become price-conscious.

The reason is easy to find. We have all—each one of us—been enlisted in the battle against rising prices. We are all under the price "ceiling" law—most revolutionary control programme of its kind ever undertaken by free peoples.

Why has Canada undertaken such a programme?

The answer may be stated very simply: to head off the personal and national disaster which comes inevitably in the wake of a runaway or uncontrolled inflation of prices.

But what does "inflation" mean? Why is it to be so feared?

A common answer is to recall the German debacle of 1923. But let it not be forgotten that bread lines first became a nationwide spectacle in Canada during the post-war deflationary collapse. And no Canadian farmer whose memory and experience

go back to the last war will forget the hardships suffered by agriculture as this country slid into a disastrous post-war price slump following the inflationary upswing in 1916-20.

In two years, wheat prices were cut by two-thirds. Butter, which had sold as high as 90 cents a pound, sank to 30 cents. The drop in prices of things which farmers had to buy helped only in part to bridge the gap. Taxes kept on rising.

The Vicious Circle

The cause and effect of a runaway inflationary spiral were outlined by DONALD GORDON, Chairman, Wartime Prices and Trade Board, in a radio speech, Nov 21, 1941. He said:

"Inflation shows itself in a vicious circle of rising prices and rising costs. As a nation at war we must spend huge sums of money—our taxes and war loans—to buy the materials of war. We soon begin to bid against ourselves for materials and commodities which we want to have, both for war and for ordinary uses. We bid against ourselves and prices begin to rise. Since one man's prices are another man's costs, each price increase generates other price increases, leading on to wage and salary increases.

"This starts the vicious circle. As wages and other costs rise in the chase after prices we have more money to spend in bidding against ourselves and we thus force prices higher and higher. Wages and salaries are always bound to lag behind prices. We soon have disputes and confusion, with hardships falling more and more unfairly on people of small incomes and modest savings. We begin to find that our dollar of savings has shrunk to a fraction of its original value in terms of living costs. We have a country seized with fear and disruption. In such a state no country can hope to wage war. Such a state means defeat of war effort and, in the aftermath, it means a swift toboggan slide to a state of collapse.

"The battle which you are about to fight is to save yourselves and your country from falling victim to this vicious circle of inflation. To save your country from paralysis of its war effort. To prevent the nightmare which would follow."

Greater Danger Now

That the inflationary dangers of the present war are infinitely greater than those which faced Canada and most other countries after 1914-18 is made clear in a statement by the PRIME MINISTER, October 18th, 1941:

"The problem we face today is more acute than the corresponding problem was in 1916. It is estimated that at no stage in the last war was more than 10% of our national income devoted to war purposes.

In the present struggle we expect, this year, to be devoting some 40% of the national income to the prosecution of the war."

In the last war only one hour's labour out of ten was diverted to war production. Although national income and purchasing power rose rapidly, nine-tenths of the national energies were still available for the manufacture, production and distribution of consumer and civilian goods.

In this war we have reached the point where nearly one-half our energies are being diverted for war use and it is clear that we must make a still greater effort than this to defeat an enemy which has, for some time past, been devoting some 70 percent of national energies to make war against us. The dangers of inflation and the necessities of price control will continue to increase in proportion to our war effort.

2. How the Need Grew in 1941

. . . . After two years of war, a sharp rise in prices and costs in 1941 warned Canadians that inflationary forces were getting out of hand. Too much purchasing power was bidding for too few goods. The bidding was against ourselves—competition in goods, man-power and services for war and ordinary use.

The result has been tremendous pressure on prices and in turn on the costs of production. Unless controlled, this pressure leads inevitably towards runaway inflation with consequent disaster and collapse. Canada's price control programme is based on the conviction that the only way to break this spiral is to abandon temporary or half-way measures and put an absolute ceiling over all consumer prices.

Since September, 1939, the pattern of Canada's war finance has been clearly stated and closely followed. From the outset, there has been no financial limit placed on our war effort. Equally important has been the determination to finance the war's cost as much as possible through taxation and borrowing, partly to provide funds for war needs, but also to restrict consumer demand and curb competition for materials, services and man-power needed increasingly for the war effort.

After two years of war Canada is appropriating and spending for war purposes at the rate of more than \$200,000,000 a month. The buying power generated by this expenditure has already caused a more than 50% rise in the physical volume of Canadian business and an increase of more than 40% in industrial employment. Including enlistments in the armed services, over one million more men and women are gainfully occupied than at the beginning of the war. Canada's annual wage bill has risen by more than \$1.5 billions.

This vast flood of wartime purchasing power has put more spending money into the pockets of millions of Canadians. By the same token it has diverted more and more manpower and materials into war production. Canadians thus find themselves with much more money to spend and less to spend it on.

The situation was described in simple terms by Hon. J. L. ILSLEY, Minister of Finance, in the House of Commons, November 6, 1941:

"If the total work done by the people of the Nation is represented by eight hours, and three hours of that work is devoted to war purposes, and only five hours to the production of peace-time goods and civilian supplies, then there are eight hours' wages to be spent on the product of five hours' labour.

"Therefore, unless something is done to channel back the wages for the other three hours, there is going to be such a disparity between purchasing power and what there is to be purchased, that there will be a most powerful upward pressure on prices."

Because Canada, at war's outbreak, had plenty of "slack" both in manpower and materials, this upward rise in prices was slow to develop. Most countries had a similar experience. The same was also true in the last war. But as we approached a stage of full employment, as a larger and larger proportion of human and material resources was diverted to production of war equipment and materials, this upward pressure on prices—this inflationary influence—became increasingly violent.

In terms of Canada's official Cost of Living Index, the rise between February and October, 1941, (eight months) was almost as great as in the previous eighteen months. Fifty-three per cent. of the increase was accounted for by higher costs of food.

Five Point "Blitz"

The Canadian effort has been aptly described as a five-point "blitz" against runaway inflation. The points are these:

1. Curtailment of public spending power by taxation and public borrowing (war loans, war savings plans, etc.).
2. Industrial priorities and rationing.
3. A ceiling on wages and salaries.
4. Subsidies to supplement agricultural income and maintain supply while holding down retail or consumer prices.
5. The price "ceiling".

Taxation and Borrowing

Initial emphasis was on taxation and government borrowing. Vast sums of money were collected and used not only to provide needed funds to finance the war effort but to withdraw from the stream of war purchasing power, dollars which otherwise would inevitably compete in the shops and in the market places for a narrowing supply of consumer and civilian goods. Of this policy MR. ILSLEY said in the House of Commons, November 6, 1941:

"Since the beginning of the war we have pursued a severe taxation policy. We have tried to tax as much as possible of the purchasing power back into the exchequer. We have gone all across the country and combed it for small subscriptions to War Savings Certificates. We have sold Bonds to the people. In these ways, namely, by taxing and by borrowing, we have tried to get back from the people a large amount of this purchasing power. We believed that this was the right policy and we believed that it was anti-inflationary. To a large extent it is.

"But we cannot do enough in that way. The amounts we are getting, as the requirements grow, are not sufficient. As the two hours out of the eight becomes three hours, and as the three hours becomes four hours, it becomes impossible adequately to meet the situation by taxation and borrowing. We might possibly be able to do it if we place excessively high taxes on the people.

"I have in mind, by way of example, a National Defence Tax of say 20% instead of 5% or something like that. But a tax of that kind would be so inequitable and the variation in individual circumstances would be so great that we would have all kinds of outcries and justifiably so, on account of the harshness and inequality of a taxation policy of that kind. It does not help the situation much to say 'change it into a compulsory saving policy; pay back part of the taxes at the end of the war' because for the moment it is just as harsh and inequitable and just as hard to bear.

"Therefore in this war, no matter what the course has been in previous wars, so far as I know all countries have come to the conclusion that they must resort to direct measures of limitation and control of production and price control."

Control of Supply

As to rationing and control of supply, most emphasis in the first two years of war was in war production and material. At the end of 1941, industry began to feel the pinch of drastic control measures to conserve rubber, steel, tin and other items essential to war production. Consumer rationing looms in 1942 for these and other essential commodities (such as gasoline) but

the prime purpose of such control is the conservation of war supplies rather than a frontal attack on inflation.

The possibility of consumer rationing as part of a deliberate programme against uncontrolled inflation is described on page 19.

Price Control

There has been partial price control in Canada since the outbreak of war. To a limited degree, rentals, coal, sugar, timber, steel, and milk, and other items which are either necessities of life or essential materials of war supply, have been subject to control. For the most part this control was directed toward removing bottlenecks of supply.

By mid-summer, 1941, it became apparent that this earlier programme was not adequate to meet a new and changed situation. Price increases were coming thick and fast. Some increases were, of course, necessary and desirable, especially in agricultural prices, which, in the summer of 1939 had been abnormally low.

Wholesale prices as measured by the official Canadian index, rose 30% between August, 1939, and November, 1941. One third of this rise took place in the second and third quarters of 1941. Even more revealing is the trend of a small group of sensitive, fast-moving commodities which usually anticipate the trend up or down. Prices of these commodities rose 30% in the first three months of the war then lost most of the gain. It took more than a year to recover this lost ground. During the first nine months of 1941 there was a further rise of more than 20 per cent. During the last three months of 1941, the price of these commodities has stabilized at levels approximately 53% higher than the prices which prevailed when war broke out.

Of the 30 per cent gain in wholesale prices which has occurred between August, 1939, and October, 1941, the most important percentage gains have been in vegetable products (including grain) up 36.6%; animal products up 45%; fibres and textiles up 46%. Grains have risen 45%; vegetable oils 127%; meats 47%; dairy products 48%; fish 44%; hides and skins 72%; livestock 45% and animal oils and fats 97%.

In announcing the government's new agricultural, price and wage control policy, the PRIME MINISTER stated, on October 18:

"Today we face a different situation. We have entered the period of full employment. The upward trend of prices has become too

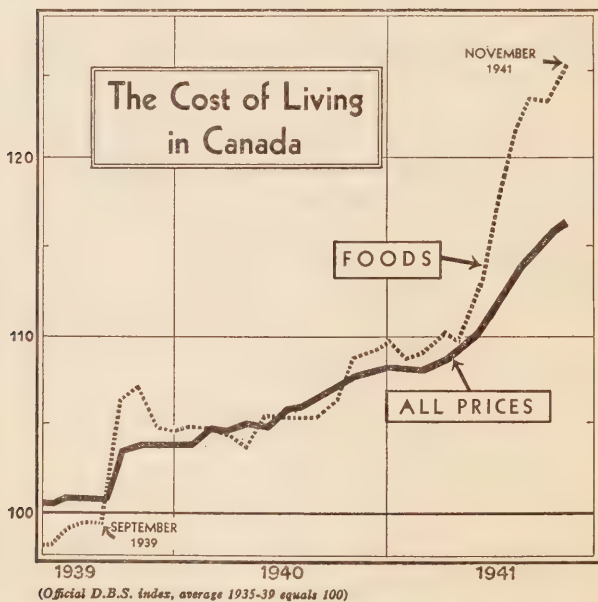
widespread and powerful to be checked adequately by controlling the prices of a few commodities. To continue to attempt to control the rise in prices piecemeal might only serve to augment the very evil it is desired to avoid by occasioning, through fear of the future, a precipitate rise in the prices of those commodities which are not already controlled.

"The problem is a general problem and calls for general treatment. It has spread just as the war has spread."

Later, MR. GORDON stated (November 21):

"We are resolved to stop price increases; we are going to hew to that line without deviation. We are resolved in this because we are convinced after the most painstaking study that no other method of approach is even worth trying.

"We are convinced that Canada's battle line against inflation is drawn and that any inch of ground now lost would be lost beyond recovery. Failure to control runaway inflation in past wars and in other countries has been due to unwillingness to accept this fundamental truth—you cannot compromise with inflation. If you try to, you are lost."



The above chart shows how the need for price control grew in 1941 with the great acceleration of price increase during the first nine months of the year, as described on page 5 and page 7.

3. Why We Have "Overall" Control

... The sharp upswing in wholesale prices and living costs during 1941 made a new and more rigid control policy essential if Canada was to curb an inflationary spiral. On October 18th, 1941, Prime Minister King announced the government's intention to put a ceiling on all prices. This policy was part of a four-part programme which included a ceiling on wages and salaries and the supplementing of agricultural income. Later, Mr. Ilsley explained in detail the reasons why it was believed an "overall" ceiling was preferable to "selective" or piecemeal control. The ceiling has been described as a "retail freeze". It throws on business firms rather than on wage-earners or primary producers the responsibility for absorbing the inevitable "squeeze".

As prices rose rapidly in 1941, the need for extending the power and authority of the Wartime Prices and Trade Board became apparent. In short, the choice lay between "selective" or "overall" control.

In the House of Commons, November 6th, 1941, Hon. J. L. ILSLEY gave six reasons why the universal price ceiling (overall control) was preferable to selective price control. Summarized, with direct quotation from Mr. Ilsley's speech, these reasons are:

1. The general ceiling could be most quickly applied.
2. The general price ceiling is non-discriminatory.

("Where is the justice of selecting for special treatment fifty or a hundred commodities out of tens of thousands? It has been said that thirty thousand commodities can be found in the mail order catalogue, and that the total number of commodities may run as high as between one and two million. I think an estimate has been made of one million eight hundred thousand commodities.")

3. In spite of appearances to the contrary, a general price ceiling involves fewer and less difficult administrative problems.

("Control of only one part of the economy leaves the forces making for an upward rush of prices to operate solely on the uncontrolled part of the field. Price increases in the uncontrolled commodities would be encouraged in anticipation of and in order to forestall later control. Rises in cost would take place and other disturbances would be set up which would make it necessary constantly to revise the prices fixed in the controlled field and constantly to broaden the controlled area. But this process would never go on rapidly enough to keep up with the inflationary forces that would be at work. Such is the inter-relationship of all prices that it would be impossible really to control one group while another group was left uncontrolled.")

4. The selective approach would require a thorough investigation of individual industries or commodities and the arbitrary fixing of prices for these individual products, while the ceiling method, subject to minor adjustments from time to time accepts the relationship between the prices of various commodities and services determined by supply and demand in the basic period.

("Under the selective method the onus would be on the members of the Board, first to make a thorough investigation of individual industries, and then to justify discriminatory action against them, if their prices alone were to be fixed. Under the general ceiling method the onus is on the manufacturer or distributor to justify to the Board concessions in his favor.")

5. The general ceiling on prices is the only method of price control which really makes it possible to justify stabilization of wages and of many other payments, such as the payment of pensions, dependents' allowances, and so forth.

6. The piecemeal method of selective control would not prevent the inflationary spiral from developing.

Mr. Ilsley then cited testimony to the effect that it is impossible just to fix a few basic prices and let the others go free.

"We tried that in the last war", he quoted one authority, "and found we were being driven steadily to consider an enormous extension of the price-fixing field. Piecemeal price fixing will not halt inflation. It allows the general price level to run wild while dealing with a few individual prices.

"As inflation occurs, the prices that are fixed soon become out-of-date and must be adjusted upward. Irregular rises in prices destroy the relationship between various costs requiring even greater adjustments."

Time Lag Problem

One obvious problem in applying an overall ceiling to prices was the "time lag" which normally occurs in distribution of goods from producer and manufacturer, through wholesalers and converters to the retail store. This process of distribution may occupy several months in the case of some commodities and retailers whose ceiling prices were based on pre-ceiling costs, in the prices they had paid to wholesalers some months earlier, might find these ceiling prices inadequate when the time came to replace their stocks of goods.

From various quarters there was a proposal, therefore, that a "progressive" ceiling should be applied in easy stages, starting with the manufacturer. Discussing this proposal on November 21, 1941, DONALD GORDON stated:

"One such proposal—made with undoubted sincerity and good intention—has been that we apply the brakes gradually, and allow retail prices to rise because, as we well realize, the cost of replacing goods on the retailers shelves has risen considerably over the past few months.

"This proposal has been thoroughly examined and I wish to emphasize and underline as strongly as I can that such an approach has been completely rejected by the Government and by the Board. It has been rejected because we know that it would mean losing the battle before it has even started. Such an approach would obviously result in increased retail prices. Increased prices would mean increased cost of living. This in turn would bring higher wages and salaries in the chase to catch up and so the vicious circle of inflation would be under way again.

"Rather than allow retail prices to rise, the prices of wholesalers and manufacturers must be reduced. In any unbalanced structure of prices and costs, adjustments must be financed primarily by the business group concerned—not by consumer nor by labour."

Positive Advantages

As Mr. Ilesley emphasized in his House of Commons address, the government chose the overall price ceiling after most careful deliberation. It chose this revolutionary plan because of its positive advantages to industry, to the wage-earner and to consumers at large.

The plan comes closest to being a "national square deal" for all Canadians. It makes provision for primary producers yet ensures that the cost of things which farmers and fishermen buy will not increase in price.

It ensures social justice for the wage-earner by removing his fear that the dollars he earns each week will buy him less and less goods.

It brings relief to the pensioner and those who depend on "fixed" income. Even the rise in prices in Canada since the outbreak of war had reduced the buying power of annuitants, pensioners, etc., by one-seventh.

For industry itself the overall ceiling while involving immediate adjustment and hardship offers stabilized operations for the future. It allays fears as to the universal collapse and ruin which inevitably follow a runaway price spiral.

Even in the first few weeks during which the plan was in operation, the country at large received its first major benefit from overall price control, namely an easing in the upward pressure on prices. The heavy piling up of inventory in anticipation of further price increases was curbed instantly.

Prior to price control there was a heavy demand for basic commodities, industrial materials and other supplies to build up inventories in anticipation of a continuing advance in price levels. Since the announcement of an overall ceiling, fears of further price gains have been abated and the demand for such commodities has slackened.

In this way Canada has made an important and probably unique contribution towards breaking off the wartime inflationary spiral.

4. What the Price "Ceiling" Means

.... The price "ceiling" means that, by law and without permission of the Wartime Prices and Trade Board, no retail store or establishment can charge—and no retail buyer can pay—prices above the maximum at which goods or services were sold by that store during the four weeks of September 15th to October 11th, 1941. These four weeks are known as the "basic period".

The ceiling is an individual ceiling. That is, it applies individually and separately to each store and to every service or article sold by that store. Each store has its own scale of ceiling prices established during the basic period.

The original intention (as indicated in the price ceiling Order-in-Council—P.C. 8527), was to apply the overall ceiling to all commodities "horizontally": that is, to apply the price ceiling rigidly at every stage of production or distribution. This was found to be impracticable and the policy finally adopted, and established since December 1st, 1941, is what is commonly described as the "retail freeze"—a rigid ceiling on all retail prices. To quote DONALD GORDON:

"Retail prices cannot be allowed to rise. They must be held at the level which prevailed in the period between September 15 to October 11. Such adjustments as may prove necessary must be made back from that point through the stages of distribution and manufacturing."

To meet the difficulty of the "time lag" (mentioned on page 11), which is now commonly referred to as the "squeeze" between retail, wholesale and producers' prices, the retail price ceiling is taken as the starting point and any necessary adjustments will be made back from that point through the various stages of distribution and production.

This is the reverse of the "progressive" or "price-fixing at source" proposal (mentioned on page 11) by which the ceiling would have started with producers' prices and retail prices would have been allowed to rise for several months.

The handling of the "squeeze" under the now established retail price ceiling is described in a policy statement issued by Wartime Prices and Trade Board (November 21st) as follows:

"The intention is that if there is a 'squeeze' between the cost of raw material (or imported semi-finished materials) and the retailers' selling price of the finished article, everybody in the industry from retailer back to manufacturer or importer should bear his fair share of the burden, but no more than his fair share.

"If the total burden is too great, in fairness to the industry as a whole the Board will investigate and if it is found necessary, will recommend that the Government representing the people as a whole should also take a share of the burden by way of a subsidy or controlling the price of raw material, or reducing import duties or in some other appropriate way."

The price ceiling, then, is essentially a *retail* price ceiling and it applies to virtually everything the average citizen buys or sells, as follows:

- (a) To *all* commodities (unless specifically exempted);
- (b) To twelve named, essential services;
- (c) To the rental of all real property.

Supplies of goods and services are not permitted to give the consumer less value for his money by lowering the quality, material, style, workmanship, size, weight or intrinsic value of what they sell.

Ceiling Is Individual

One fundamental point to keep in mind about the ceiling is that it applies to each store or retail establishment *individually*. It does not standardize prices for any commodity or for any community. It simply requires that no retailer can sell any individual item at a price greater than his highest selling price during the basic period of September 15th to October 11, 1941. MR. GORDON underlined this point on December 17th, when he stated:

"The price ceiling applies to each store individually. It does not mean that all stores must charge the same price for the same article. Under the law each merchant may set his price as high as, but no higher than, the top price he charged at any time during the four weeks of September 15 to October 11, which we refer to as 'the basic period'."

In applying a general policy of this kind, special situations are bound to be encountered. The Wartime Prices and Trade Board has full authority to deal with these as they arise.

Seasonal Products, Furs

One special situation is the case of seasonal products in which "basic period" prices might obviously be too high or too low. Tomatoes and strawberries, for example, cannot be sold at the same prices all year round. For this reason the Board is not applying the ceiling, in the ordinary way, to fresh fruits and vegetables or to greenhouse products. This does not mean that their prices are free to rise without restraint. These items are being kept under scrutiny and subject to specific regulation from time to time as may be required. Customary seasonal variations in the price of coal and of railway rates have also been permitted subject to strict supervision and scrutiny by the Board.

Another special situation had to do with furs, in which the export market is a chief factor. The Board has decided, for the time being at least, to treat raw and dressed fur skins and garments and wearing apparel made wholly of fur in the same manner as fresh fruits and vegetables, i.e., not under the ceiling but subject to regulation from time to time.

Problem of "New" Goods

"New" Goods have presented another peculiar problem. These are goods of a kind or quality not sold during the basic period and thus having no basic period prices to establish a ceiling. The Board has issued a detailed statement to meet this situation. Essentially the prices of such goods must bear a proper relation to other prices, that is: no such merchandise can be priced for sale by retailers at a higher price than would have been "appropriate" if such goods had been sold in the basic period. The Board through its administrators is prepared to determine such "appropriate" prices where necessary.

Farm Prices

The ceiling does not apply to livestock, poultry, eggs, milk, cream, dairy butter, farm-made cheese, honey, maple syrup, *when sold by the primary producer to dealers, processors, or manufacturers*. If such products are sold by the primary producers directly to consumers through public market or otherwise, prices must not be higher than the maximum retail prices established during the basic period for the same product in the same area. This was done to give farmers the benefit of any trading situation which might arise without increasing prices to ultimate consumers. It also aims to permit supplies to flow freely from farmer to processor.

Production Goods

There is no wholesale exemption of imported machinery or capital goods equipment from the ceiling as had been originally intimated in earlier statements of the Board. The prices at which sales of such goods may be made is now left for administrative rulings by Administrators.

Services

The twelve "services" to which the ceiling applies, as mentioned above, are shown in the following list. Services supplementary to these are included. The Board has power to add to the list at any time. On December 15th, 1941, the list stood as follows:

1. Supplying of electricity, gas, steam heat and water.
2. Telegraph, wireless and telephone services.
3. Transportation of goods and persons, and the provision of docks, harbors and pier facilities.
4. Warehousing and storage.
5. Undertaking and embalming.
6. Laundering, cleaning, tailoring and dressmaking.
7. Hairdressing, barbering, and beauty parlor services.
8. Plumbing, heating, painting, decorating, cleaning and renovating.
9. Repairing of all kinds.
10. Supplying of meals, refreshments and beverages.
11. Exhibiting of moving pictures.
12. All manufacturing processes performed on a custom or commission basis.

Control of Rents

Rents, as noted above, are also under the ceiling along with goods and services. A blanket order extending rent control to all real property in Canada was announced on November 23rd, 1941.

By this Order, in all parts of Canada not previously subject to rent control, the maximum rental for any housing accommodation was fixed at the rental which was in effect on October 11, 1941. If there was no written or oral lease in force on that date the maximum is considered to be the rental under the latest lease in effect since January 1, 1941.

A similar order was issued covering "any business premises, land, and premises used for combined business and dwelling purpose anywhere in Canada."

In those areas previously subject to rent control, the maximum rentals already fixed for housing accommodation continue unchanged. In some of these areas, these rentals are based on the maximum in effect on January 2, 1940, and in others on those in effect on January 1, 1941.

Premises rented for the first time after October 11, 1941, may have their maximum rentals determined under future orders of the Board.

Maximum charges for room and board are also fixed under the ceiling order. The supplying of meals is listed as one of the services whose price may not be increased and increases in room rentals are also prohibited. Landlords or agents are required to keep available for inspection a record "describing clearly and fully" property affected by the regulations, the amount of the fixed rental, the name of the tenant on October 11, 1941, and the names of succeeding tenants.

Instalment Buying Regulated

Supplementary to the retail price ceiling are important restrictions on consumer credit (instalment buying) which have been in effect since October, 1941. The regulations provide that for a wide range of goods normally sold on credit, the down payment must now be at least one-third of the total cash price (in any case not less than \$10.00), and the balance must be paid in full within twelve months.

For passenger automobiles, a down payment of 50 per cent is required and the balance is to be paid within twelve or eighteen months, depending on the cash value of the sale.

A new Board order (Number 75) respecting consumer credit is effective December 29, 1941. It replaces the original order (Number 64) and imposes further restrictions on both credit sales and purchases, charge accounts, advertising, etc. Under this new order the trade-in value of a "listed" article can no longer be considered as part of the down payment. The exception to this is new or used automobiles.

Order 75 also eases the situation regarding farmers, fishermen, hunters, trappers, prospectors, etc. by allowing such persons

to buy goods covered by the order up to an amount of \$100 on open account. On such goods payment may be deferred up to a maximum of 12 months. The order also assists this group in the purchase of new and used automobiles which may now be sold to these buyers with no requirements as to regular monthly payments. Farmers must still conform, however, to the other Board regulations such as the amount of down payment and the total time in which final payment must be made.

In addition to control over "lay-away" merchandising and restrictions on advertising, the Board now requires a definite reduction in price to the buyer who pays cash. A minimum finance or carrying charge on goods purchased must be deducted from the credit price in respect of merchandise covered by the order (excepting automobiles).

Chief of the Instalment Buying Division is A. O. Heather, Ottawa.

Licensing Regulations

Licensing regulations are a matter of interest to all classes of business.

Dealers in all goods and services (apart from specified exceptions) are now required to register with the Board by obtaining a specific license through the Director of Licensing by March 31, 1942.

This order does not affect special licensing requirements issued by any other Federal or Provincial Government official.

Under the new order, all persons coming under the Maximum Prices Regulations are required to register with the Board by making application for a license. Those who have already obtained a license carry on with the one they have and will not be required to apply for a new one. Both the license already issued and the one which will be issued will be valid and will not have to be renewed unless changing conditions require the Board to alter this stipulation.

Present intention is to use the licensing registration for mailing list purposes to keep merchants and business organizations in touch with Board policy. The new order requires all holders of licenses to notify the Director of Licensing (C. R. Morphy) in writing, of any change of address in their business, or of any change in name, ownership or character of the business, within 10 days of such change.

Enforcement and Penalties

Contravention of any regulation or order of the Board becomes an offence. Offenders may be prosecuted with the consent of the Board or of the Attorney General of any province, and on conviction are liable to penalties up to a fine of \$5,000 and imprisonment for any term not exceeding two years.

Licenses granted by the Board to any person may be suspended or cancelled in any case where it appears to the satisfaction of the Board that such person has failed to comply with any regulation, order or requirement.

Particulars of practices believed to be violations of the regulations may be submitted by any person to the Prices and Supply Representatives in each province, and will be investigated for purposes of securing compliance and necessary enforcement.

Enforcement Administration is in charge of Fred A. McGregor, Ottawa.

Rationing

As previously stated, the need for price control arises from the shortages of many supplies for civilian use after war needs have been met. The controlling of prices, however, does not ensure that goods which are scarce will be fairly distributed with due regard to the needs of the population.

This can only be done by some form of rationing.

In the first instance, rationing means controlling the amount of materials and labour which producers may use for the production of civilian goods. This stage has already been reached in many fields of production.

In due course, in cases where the shortage is severe, the amount and manner of the distribution of such goods to the consumer will require control.

The maintenance of the normal flow of goods through the hands of manufacturers and distributors is of more immediate importance during the early period of price control. The Board will, if necessary, use its powers to overcome threatened interruptions in the flow of goods, or abnormal diversions of purchase orders from one supplier to another, or of sales from one trade customer to another.

WARTIME PRICES

MANA
COM

ADMINISTRATION OF COMMODITIES

CONTROLLERS

(Members of the Wartime Industries Control Board who have been appointed Administrators of the W.P.T.B.)

CHEMICALS

CONSTRUCTION
and
BUILDING PRODUCTS

MACHINE TOOLS

METALS

MOTOR VEHICLES

OIL

POWER

SHIP REPAIRS

STEEL

SUPPLIES

TIMBER

TRANSIT

COORDINATORS

(Each responsible for a Group of Administrators)

FOODS

PULP and PAPER

METALS

TEXTILES and
CLOTHING

OTHER ADMINISTRATORS

ASBESTOS and
PRODUCTS

BEVERAGES

COAL

FURNITURE

GLASS and
PRODUCTS

HIDES, LEATHER

JEWELLERY

LUGGAGE

PHARMACEUTICALS

SUGAR

COM
PP
STAB
CORP

Through Board representa
War Labor Board, Agricul
Export Control Com

ND TRADE BOARD

DECEMBER 15th, 1941

MENT
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ATION
ATION

ADMINISTRATORS
of
TRADE and SERVICES

RETAIL
—
WHOLESALE
—
SERVICES
—
RENTALS

HEADQUARTERS
ORGANIZATION

SECRETARIAL:
Consumer Credit
Research
Statistics
—
ACCOUNTING
—
LEGAL:
Licensing
—
ENFORCEMENT
—
INFORMATION

REGIONAL
OFFICES

PRICES and SUPPLY
REPRESENTATIVES
in:

CHARLOTTETOWN
HALIFAX
SAINT JOHN
QUEBEC
MONTREAL
BROCKVILLE
TORONTO
LONDON
NORTH BAY
WINNIPEG
REGINA
EDMONTON
VANCOUVER

W.P.T.B. maintains liaison with: National
Supplies Board, Shipping Board (Priorities),
Wartime Industries Control Board.

5. How Price Control Applies to Different Groups of Citizens

... . The welfare of every citizen, every home, every farm, every business, is at stake in the price ceiling plan to defeat inflation. The parts to be played by different groups of industry and business differ, however, according to the various ways in which the ceiling law applies.

This section outlines the special meaning of the ceiling to the storekeeper, the distributor, the manufacturer, the importer, the exporter, the farmer, the fisherman, the landlord, and the tenant.

The place of the Canadian housewife in this situation is so important that it is dealt with in a separate section, starting on page 30.

To keep the price ceiling law in its proper perspective it must be thought of as one part of a general inflationary control policy designed to supplement the national tax and borrowing programme as well as other controls over war materials and supplies.

The new inflationary control programme includes:

1. The price ceiling extending over all rentals and over prices of all goods and essential services on the basis of the maximum prices prevailing during the four-week "basic period" of September 15th to October 11th, 1941.
2. The freezing of all wage rates with provision for payment to wage-earners of a cost-of-living bonus in accordance with prescribed official regulations.
3. Supplementing of agricultural income (where necessary) to maintain supplies which otherwise might be jeopardized by the enforcement of a retail price ceiling. This includes the payment of a new acreage bonus in Western Canada and reduction in the cost of feed to farmers in Eastern Canada.

4. A ceiling over all managerial and executive salaries, directors' fees, etc.

Details of the wage stabilization program are now in the hands of the National War Labour Board operating under Order in Council P.C. 8253. Details of the new salary ceiling (Order in Council P.C. 9298) became effective November 7th, 1941. Administration of this order is under jurisdiction of the Commissioner of Income Tax.

The price ceiling law, as a part of this general stabilization effort, may be outlined in its relation to different groups of industry and business as follows:

1. The Retail Storekeeper

The merchants of Canada—large and small—hold the front line in the price ceiling programme. It is along this line that an absolute barrier has been erected. Unless contrary permission is granted by the Board, the price ceiling makes it illegal for any storekeeper to sell, or any customer to buy, on or after December 1, 1941, at any price in excess of the maximum which prevailed in that store during the basic period—September 15th to October 11th, 1941.

This ceiling, it must be remembered, is an individual ceiling. It applies separately to each store or retail establishment. That is why the place held by the individual retailer in this programme is one of high responsibility. Tribute has been paid repeatedly by Board officials to the splendid co-operation given to the ceiling programme by retailers in all parts of Canada.

Below this ceiling there will still be opportunity for bargain sales for thrifty and economic merchandising of goods and services. There will also be a responsibility on retailers to find more efficient, less costly ways of doing business without impairing the essential quality and character of goods and services. Says E. G. BURTON, Retail Trade Administrator:

"To get costs down, fewer lines will be made and handled. Styles will have to be standardized. There will be less choice. That however does not mean that the lower priced merchandise will be cut to hurt the people with the slender purse. It must not. Our duty is to see that the manufacturer of, say, rubbers or garbage cans cuts down his 57 varieties to a dozen; that he does not make the 12 highest priced but that he makes a range selected from his full line as of the basic period."

That there will be hardships is also recognized. Retailers, in some cases, will have to bear a portion of the "squeeze" which arises because of the customary lag between costs of raw materials and the finished merchandise on storekeepers' shelves. It is the intention of the prices administration to distribute this "squeeze", as far as possible, equally among all types of business.

The part of the retailer in administering the price ceiling was outlined as follows by MR. GORDON November 28th:

"The retailer has a vital—and a difficult—part. In some cases he may suffer losses, but they will be nothing like the loss he would suffer by inflation. Reduction of his profits under the price ceiling will be far less than the reductions he has suffered from time to time when prices suddenly shift up and down. He should be interested above all in maintaining price stability. He can help to maintain stability, by scrupulous observance of the price regulations, by refusing to pile up unnecessary inventories which lead to increased shortages. He can help by reducing his operating costs, by increasing efficiency, by economizing in every possible way."

2. The Wholesaler and Manufacturer

Since retail prices cannot be raised, the manufacturer and the distributor are being required, under the price ceiling, to make price adjustments on unfilled orders, and to provide, where necessary, lower price quotations on future orders.

Chief responsibility for "rolling back the squeeze" has been undertaken voluntarily by way of adjustment between individual suppliers. Some adjustments require to be rolled back as far as the primary processor or importer. In the case of the importer the Board has set up a Commodity Prices Stabilization Corporation (see page 36) with wide authority to control and where necessary subsidize the importation of goods at prices "appropriate" to those which prevailed during the base period. In every respect the Board has considered it of the utmost importance that supplies of civilian goods continue to be made available as far as war necessities will permit.

Emphasis has also been placed on the need for effecting economies in business operations in respect of production, distribution, standardization of products, elimination of unnecessary varieties, styles and models, etc. The Board has been careful to point out that this in no way relieves manufacturers and distributors from continuing to supply a reasonable variety of sizes and price ranges of merchandise. Standardization and other

economies must not deprive the consumer of adequate price ranges of merchandise. To wholesalers and manufacturers DONALD GORDON said, on November 28th:

"The wholesaler has his duty. The retailer may come to him and say, 'I cannot sell at the legal price and pay your wholesale price.' In such case the wholesaler must be prepared to take his fair share of the loss. He must be ready also to economize and to reduce costs to bed-rock.

"The manufacturer must produce goods at a cost low enough to permit the wholesaler and retailer to stay under the price ceiling. He must produce at the lowest possible cost, with highest possible efficiency. If and when he has done these things, and cannot produce at a cost low enough to keep retail prices below the ceiling, we shall be prepared to find practical ways to help him. But he must do these things first. That is his part; that is his war job."

3. The Farmer

The Wartime Prices and Trade Board has been charged with maintaining a consumer price ceiling on farm and other primary products. It also recognizes the imperative need for maintenance of adequate supplies. Prices paid to Canadian farmers and primary producers, must, it is recognized, be sufficient to bring forward adequate supplies of foodstuffs and primary products to meet domestic and oversea requirements. The Board will take steps, also, to prevent higher export prices from depriving Canadian consumers of otherwise available supplies.

It was pointed out by HON. MR. ILSLEY (November 6th) that it would have been impossible to have imposed an overall price ceiling until agricultural prices had had a chance to rise. He cited percentage increases between August 1939 and September 1941, as follows: oats, 80%; barley, 66%; butter, 57%; eggs, 33%; cheese, 51% including bonuses; cattle, 58%; hogs, 40%; whole milk, 14%.

PRIME MINISTER KING also commented (October 18) as follows:

"In undertaking to control the cost of living, particular attention has been given by the Government to the effect of its policy on the position of agriculture. The policy touches the farmer in two ways. The principle of the price ceiling will be applied to agricultural prices while at the same time total agricultural income will be supported where necessary by Government action. In other words, while the wages and prices of farm products will be stabilized, the income of both labour and agriculture will be safeguarded.

"Agricultural prices with a few conspicuous exceptions, especially

wheat, are higher today than they have been at any time during the past ten years. In cases where agricultural prices have not kept pace with increases in cost of production, measures are being taken to bring about a more satisfactory relationship without significantly affecting the general level of retail prices to the consumer."

One of the first rulings made by the Board was to the effect that the price ceiling did not apply on a wide range of farm products when sold by the farmer to the dealer or processor. Products so designated include: livestock, poultry, eggs, milk, cream, dairy butter, farm-made cheese, honey and maple syrup. The ceiling does apply to dealers and processors and also when these products are sold direct to the consumer. This ruling was made to give farmers the benefit of any trading situation which might arise without increasing prices to ultimate consumers. It also aims to permit supplies to flow freely from farmer to processor. Subsequently, the Board announced a plan for the payment on and after Dec. 22, 1941, of subsidies to producers of milk sold to manufacturers of concentrated milk products and in certain areas to producers of milk sold for fluid milk distribution. This action was taken to encourage milk production, rectify certain inequalities at present existing and at the same time avoid general increases in prices to consumers. A survey is being made of the question of the supply and prices of milk in Canada with a view to devising a more equitable price structure.

Responsibility for agricultural supply rests with federal and provincial Departments of Agriculture and with other constituted authorities: Canadian Wheat Board, the Bacon Board, the Dairy Products Board, the Special Products Board, the Agricultural Supplies Board. Through membership of two agricultural representatives on its Board, the Wartime Prices and Trade Board maintains close liaison with supply authorities. Ultimate decisions as to prices rest of course with the Prices Board, which is the final pricing authority in respect of milk and other prices formerly under provincial authorities such as Provincial Milk Control Boards, Marketing Boards, etc. Provincial Milk Boards (for example) continue to operate as in the past except that final decision as to price changes rests now with the Wartime Prices and Trade Board.

Of great importance and benefit to the farmer and primary producer under the "ceiling" law is the protection afforded against increases in the cost of things which they must buy.

4. The Fisherman

The position of the fisherman in respect to the price ceiling is similar to that of the farmer. Sales by fishermen to processors and dealers are exempt and it has been announced that the price ceiling will not apply on sales by processors, dealers and retailers of codfish, herring, haddock, smelts, mackerel, clams, lake hali-but and all fresh-water fish. The ceiling continues to apply on sales by the trade of other fish such as salmon.

Since there is no price ceiling on exports, fishermen not subject to previous export controls, are free to market their products in any market. Eventually, it is recognized, steps may have to be taken to insure adequate supplies at reasonable prices for home consumption.

5. The Importer

The Board has taken special steps under the price ceiling to overcome the handicap of rising prices abroad and to ensure a continued flow of imports. The importation of war supplies has, for example, been exempted from the operation of the ceiling and of import price control. It has been repeatedly stressed that importations and the placing of new orders must proceed without in any way jeopardising the war production programme.

The general principle for importation of consumer goods is that in general they will cost the importer no more than is "appropriate" in relation to retail ceiling prices. Importers have been assured that, where necessary, appropriate subsidies will be provided either directly to importers or, subsequently, by reduction in duties and taxes on imported goods in such a way as to make subsidies unnecessary. As at December 22, 1941, all special or dumping duties on imported goods were removed except in the case of fruits and vegetables. As of the same date all customs duties are assessable on the basis of actual invoice value rather than "fair market value" for home consumption in the country of origin.

A preliminary list of items not eligible for subsidy includes fresh fruits and vegetables, greenhouse products, furs, etc., (which are not subject to the retail price ceiling); passenger cars and other motor vehicles, goods imported direct by consumers, and production goods of any kind imported for use by manufacturers, millers, mining and lumber companies, and other indus-

trial producers and service industries in Canada. There is an exception made for any tools, implements or equipment imported for sale to farmers, fishermen, and other persons for their use in the course of their trade or occupation.

Supervision and handling of subsidy arrangements is under the Commodity Prices Stabilization Corporation, of which Hector B. McKinnon is President.

Two fundamentals in the Import Policy are:

- (1) That imported goods will not be eligible for subsidy if such goods can be obtained in Canada in sufficient volume and at reasonable prices;
- (2) That apart from those goods which are exempt from subsidy every encouragement be given to importers to continue ordering "in accordance with past practice" on the understanding that the Corporation "will deal with individual problems fairly and reasonably."

6. The Exporter

Any sale of goods for export where such export is made by the seller or his agent, is excluded from the price ceiling.

The Board has warned, however, that where necessary it will take steps to ensure an adequate flow of goods to Canadian consumers.

Applies to Every Citizen

With the above control over prices of commodities and services, over rents and over instalment buying, the price ceiling obviously affects every person in Canada. Obviously, also, the success of the ceiling policy as a means of defeating inflation depends on the understanding and loyal support of all citizens.

When the ceiling policy was introduced, PRIME MINISTER KING described it as:

"An experiment hitherto untried on this Continent and perhaps, having regard to its breadth and variety, hitherto untried by the will and consent of any free people anywhere."

In an early statement to officials and Administrators, DONALD GORDON, Chairman of the Wartime Prices and Trade Board, stated:

"We have an opportunity to demonstrate that it is possible for a free people to accept, *voluntarily*, restrictions and restraints necessary to avert a great and threatening disaster. You may be sure that

our efforts will be very closely watched and when we show that we can enforce a control of this character I venture to assure you that our success will have a profound influence”

Later, to a group of Canadian publishers, MR. GORDON emphasized:

“This problem of controlling inflation is basically a problem in human relations. Where goodwill, cooperation and above all understanding, exist, it cannot long remain unsolved.”

On November 28th, MR. GORDON stated:

“Every person in Canada has a part in this job of obeying and guarding the price ceiling law. Every consumer, every housewife, every farmer, every retailer, every wholesaler, every manufacturer has a definite part—and a definite stake in the result.

“That the price ceiling law will bring hardship to some of you I do not deny. It will bring hardship but I tell you that no person will be hurt by this policy as he would be hurt by inflation. The price ceiling may mean hardship; inflation would mean ruin.”

6. Women's Part in Price Control

. . . . The price ceiling policy is essentially a retail price ceiling, for buyers as well as for sellers, and Canada's three million women shoppers attend to over 80 per cent of the country's total retail buying.

The women of Canada, therefore, have a vitally important part to play in making the price ceiling work. In partnership with Canada's retail merchants, they are the "guardians of the law".

With this in mind, the support of women's organizations throughout Canada has been enlisted and a definite programme has been proposed, as described in the following paragraphs.

A plan of action for Canada's three million women shoppers was presented by DONALD GORDON in an address over a nationwide radio network on December 17th, 1941. The plan has also been set forth in newspaper advertising. Support has been pledged by leaders of women's national organizations. This plan is regarded as a vital part of the effort to hold the retail price ceiling.

The essence of the plan is to enlist the support and co-operation of every woman in Canada in the observance and enforcement of price control. Every woman is being asked to take personal responsibility for seeing that she herself obeys the price law by not breaking the "ceiling" in the prices she pays for goods and services. Since women do more than 80 per cent of the nation's retail shopping the importance of this responsibility, in terms of personal or family budgets, and the national war effort as a whole, is incalculable.

In doing this, Canadian women will be acting in partnership with retail merchants many of whom are bearing financial sacrifice in order to sell goods under the retail ceiling. The point to remember is that, under the price law, the buyer as well as the seller, is responsible for keeping under the ceiling.

A major part of observing the law thus rests directly with the women of Canada, as buyers. It is they alone who can keep a sufficiently close watch on all their day-to-day transactions to make it impossible for the "ceiling" to be broken. In the time of increasing scarcities which lies ahead it is they who must resist the temptation to offer or pay more than the legal price for whatever goods are available.

Make Your Own List

What is asked is that each woman start at once to make her own list of ceiling prices. The "shopping orders" in this campaign read something like this:

If you have bills or records or an accurate memory of what you have paid in the basic period, September 15th to October 11th, so much the better. If you have no such record then start with the prices you are paying now.

Start at once to make your own list of these prices at the stores where you usually deal. Most of you probably shop at several stores regularly for various foods and articles of clothing. It is suggested that you get a note book, which you can keep for reference. Write down the food items which you buy regularly, from day to day, and write down some of the items of clothing for yourself or your family which you buy at intervals—and again write down the names of the stores where you usually buy them.

Then, opposite each item and under the name of each store put down *the highest price* that each store has charged recently. These must be highest prices in each store, not bargain sale prices. They are the legitimate ceiling prices to which each merchant is entitled under the law.

Remember that there has always been a difference in prices in different stores—even stores in the same locality. This may depend on the kind of service the store gives, or the way it operates. Some stores, for instance, have delivery service, give credit, or provide other extra services.

Under the new Price Ceiling Order there will be differences in prices at different stores. The new price regulations will not do away with competition. The highest prices in any particular store must not be higher than the highest prices in force *in that store* during the period September 15th to October 11th, 1941. They may be a little lower or a little higher than in other stores.

The prices *you* will mark down will be the highest prices charged at the stores where *you* shop. For remember:

1. The ceiling price is not necessarily the price *you* paid. It is the highest price at which the store sold the particular item between September 15th and October 11th, 1941.
2. A merchant may reduce his prices for sales or other reasons—he may also raise them provided they do not go above the ceiling price.

Keep your notebook for regular reference when you go shopping during the coming year. By doing this you will keep yourself from becoming careless about prices. You will keep yourself from breaking the law. You will keep yourself from forming unjust suspicions or accusations against your retail merchants who may be trying, just as you are, to make the price ceiling work and who deserve your protection against unfounded charges.

At the time if you should come across a case where there may be a violation, your list will help you to establish the fact. In any such case report the *complete* facts (giving all details as to quality, type of merchandise, etc.) *in writing* to the nearest office of the Board.

Certain Exemptions

Certain commodities are exempt from the Price Ceiling law. For instance, the Price Ceiling does not apply to seasonal fluctuations in prices of fresh fruits and vegetables because it stands to reason that these products should not be sold at the same price all year round. It does not apply to animal pets nor to fur coats.

If you are at any time in doubt as to whether some commodity is subject to the law, you can always get information by enquiring at the nearest office of the Prices and Supply Representative who represents the Board in your territory.

Chairman's Appeal

In his address to the women of Canada on December 17th, DONALD GORDON summarized the programme in the following words:

"In peacetime, price control would be neither necessary nor possible. Under the conditions of the present war, price control *is* necessary, but it will only be possible if it is loyally accepted and

put into practice as a patriotic duty by all the people of Canada. We *must* have steady prices if we are to produce the munitions of war on the greatest possible scale and at the same time give each individual the security of knowing what a pay envelope will buy.

"The job the Government of Canada is now asking you to do is to see that the prices of the goods you buy do not rise any higher—to see that the country as a whole gets the most value out of the manpower, the equipment and the materials necessary for the production of *civilian* goods so that the greatest possible manpower, equipment and materials can be used for war purposes. Only in that way can we achieve the maximum production of war supplies.

"This is your job—this is the great task you can now perform. This is the work that, of all people, you, the women of Canada, can do most thoroughly."

7. The Organization for Price Control

... Canada's Wartime Prices and Trade Board was constituted and began to function the day war was declared in 1939. Subsequently its power has been extended until today it exercises supreme legal authority over all prices of goods and services of any kind whatsoever. It also has power to control supply of all goods and services other than war materials and supplies. In addition to general authority over prices the Board has been given by order-in-council specific authority to administer Maximum Prices Regulations (the price ceiling).

Introduction of the price ceiling policy, which became effective December 1st, 1941, necessarily changed the character of the functions and organization of the Wartime Prices and Trade Board. The Board is now charged with responsibilities involving close connection with every phase of Canadian production, trade and business and with the task of developing, as quickly as possible, an organization to fit the responsibility.

The chart printed on pp. 20-21 shows the general framework of the Board's new organization. Its principal features are explained in these pages.

The Board's Authority

The new responsibility of the Board was defined by Order in Council, P.C. 8528, on November 1st, 1941. This placed with the Board sole and complete over-riding authority in respect to *all* prices. Following the passage of this Order, no other statutory authority, whether federal, provincial or municipal, is permitted to make any price regulations, "except with the concurrence of the Board" nor do anything that is "repugnant" to the Board's authority.

The Wartime Prices and Trade Board has power to control supply of all goods and services other than war materials and

supplies. The authority of the Board, in the supply and distribution of goods does not extend into the field of war supply. Authority in this field rests with the Wartime Industries Control Board. For purposes of price administration, controllers of W.I.C.B. have been declared administrators under the Prices Board and act, in respect of prices, in a similar capacity to other W.P.T.B. administrators.

In a number of important instances, previously constituted authorities have been declared to be the Board's representatives in their respective fields. These bodies include: Canadian Wheat Board, Board of Transport Commissioners, Bacon Board, Dairy Products Board, Agricultural Supplies Board, Salt Fish Board, Lobster Controller; Provincial Marketing, Milk Control, Public Utility, and Industry and Labour Boards. In all cases, however, concurrence of the Board is required in any matter affecting price changes under the ceiling.

Through reciprocal representatives the Board has liaison with the control authorities in the field of labour, exports, agricultural supplies, priorities, war supply, etc.

Organization

As shown in the chart printed on pp. 20-21, the organization of the Board may be divided into the following main categories:

1. The Board Itself

The Board is responsible to the Minister of Finance. It consists of eleven members, with Donald Gordon as chairman. The members are listed on page 38. They represent the several governmental departments most directly concerned: Agriculture, Finance, Labour, Munitions and Supply, National Revenue, Trade and Commerce. The Board has a management committee for matters of daily action.

2. Regional Offices: Prices and Supply Representatives

In 13 key cities across Canada, offices have been opened in charge of Prices & Supply Representatives who represent both the Wartime Prices and Trade Board and the Wartime Industries Control Board. These Representatives are, in effect, branch officers of the Boards with respect to price control and supply. They deal directly with the Board, handle local problems and

work with the Administrators mentioned below. Names and location of the Prices and Supply Representatives are given on page 38.

It is probable that most of the above 13 offices will, in due course, open district sub-offices and that ultimately nearly every city in Canada will thus have direct contact with the Board.

3. Administration of Commodities

For each commodity "group" in Canada the Board has appointed, or will appoint, an Administrator. In addition, a number of administrations (for example: textiles and clothing, foods, metals, pulp and paper, etc.) have been linked together by means of Coordinators. Under the various Administrators are Directors, varying in number depending on the extent of each industry.

The 12 Controllers of the Wartime Industries Control Board (Department of Munitions and Supply) have recently been appointed Administrators under the Wartime Prices and Trade Board in so far as civilian prices of their controlled commodities are concerned.

4. Administrators of Trades and Services

Distinct from goods and commodities, which involve the primary producers and manufacturers, are the general Retail and Wholesale Trades. Distinct again are many Services (from public utilities to shoe-shine stands) and the broad field of Rentals. In each case the Board has appointed an Administrator, as shown in the chart on pages 20-21. Under each of these Administrators is an organization as required.

5. Commodity Prices Stabilization Corporation

This Corporation is a private company wholly-owned by the Crown and is directly responsible to the Minister of Finance and to the W.P.T.B. It will have responsibility for administering the subsidies or other forms of relief which may be required in connection with imports from other countries. President of this Corporation is Hector B. McKinnon.

6. Headquarters Organization

Attached to the head office of the Board in Ottawa are a number of general administrative or service branches, as indicated on the chart. These include the Secretarial Branch, Enforcement,

Accounting, Legal and Information. Some of these Branches, such as Enforcement and Accounting, have very wide duties and will have sub-offices outside Ottawa.

* * * *

In general, the Board's policy is to leave to the Co-ordinators and Administrators as far as possible the work of applying and carrying out the price ceiling operations in their various industries and divisions of trade. The Co-ordinators and Administrators have been selected, in most cases by the industries concerned, from leaders in their respective fields.

Commenting on this feature of price control MR. GORDON stated November 27th, 1941:

"To aid in the necessary adjustments, the Board has called on industry to supply administrators and directors and supervisors. Each industry and business is represented by its own administrator and a competent staff, in most instances nominated by the industry or business itself. They will have the authority to work out the equitable adjustments and the Board will use its powers if necessary to enforce them."

8. Board and Representatives

Wartime Prices and Trade Board

Members include representatives of six Governmental Departments: Agriculture, Finance, Labour, Munitions & Supply, National Revenue, Trade & Commerce.

Donald Gordon, *Chairman*

Hector B. McKinnon

David Sim

F. A. McGregor

A. M. Shaw

Yves Lamontagne

R. C. Berkinshaw

L. Dana Wilgress

Bryce M. Stewart

J. G. Bouchard

Walter L. Gordon

Secretary—K. W. Taylor

Regional Prices & Supply Representatives

Representatives, located in 13 cities, who act for both Wartime Prices and Trade Board and Wartime Industries Control Board.

British Columbia William R. Dowrey, Vancouver

Alberta Walter S. Campbell, Edmonton

Saskatchewan Alexander R. Mackie, Regina

Manitoba George J. A. Young, Winnipeg

Ontario

Toronto G. H. Rennie

London Harold McPhillips

Brockville Edwin C. Cossitt

North Bay A. T. Smith

Quebec

Montreal Louis Robitaille

Quebec City Louis D. Hudson

New Brunswick Charles C. Sullivan, Saint John

Nova Scotia W. Stanley Lee, Halifax

Prince Edward Island Gordon McDonald, Charlottetown

Administrators

Administrators, selected chiefly from and by the industries and trades concerned, have been appointed by the Wartime Prices and Trade Board to act under its authority in the application and execution of the price ceiling policy, as indicated in the chart on pages 20-21 and in sections 3 and 4 on page 36.

Administrators may be divided into two main categories: first, Commodity Administrators, dealing with producers, manufacturers and processors of goods and commodities; second, Trades and Services Administrators, dealing with general activities such as retail Trade, Wholesale Trade, Services and Rentals. In several cases of industries having particularly wide ramifications, Commodity Administrators have been grouped under Coordinators for more cohesive contact with the Board.

Organization of Coordinators and Administrators is now nearly complete. A list of these appointments will be issued later.

For administration of Instalment Buying, Licensing and Enforcement see pages 17, 18 and 19.

Index on Next Page

INDEX

	PAGE		PAGE
COST OF LIVING		PRICE CEILING—Continued	
Chart	8	Administrators	36, 39
Extent of Rise	5	Basic Period	13
Purchasing Power	4	Burton, E. G.	23
Rationing	6, 19	Commodity Prices	
Tax Policies	6	Stabilization Corp.	28, 36
Wholesale Prices	7, 25	Consumer Credit	17
GORDON, DONALD		Enforcement	19
Co-operation	28	Exports	28
Individual Ceiling	14	Farmers	25
Inflation	2, 8	Farm Prices	15, 26
Manufacturers	25	Fishermen	27
Progressive Ceiling	11	Furs	15
Retail Ceiling	11, 13	Imports	27
Retailers	24	Instalment Sales	17
Self-Regulation	37	Licensing	18
Wholesalers	24	Manufacturer	24
Women's Part	30	McKinnon, H. B.	28, 36
Personnel (Board and		New Goods	15
Representatives)	38	Organization (chart)	20-21
ILSLEY, HON. J. L.		Overall Control	9
Farm Prices	25	Penalties	19
Need for Control	5	Prices & Supply	
Tax Policies	6	Representatives	35, 38
Why Overall Control	9	Production Goods	16
INFLATION		Quality Controlled	14
Donald Gordon	2, 28	Regional Offices	35, 38
Hon. J. L. Ilsley	5	Rental Control	16
5-Point Control	5	Retailers	23
KING, RT. HON. W. L. M.		Retail Freeze	13
Agricultural Problem	25	Seasonal Products	15
Danger of Inflation	2	Selective Control	9
Need for Control	7	Services	16
Unique Experiment	28	Squeeze	14
PRICE CEILING		Wage Control	5, 23
Application	22	Wartime Industries	
Donald Gordon	29	Control Board	35
Prime Minister King	28	Wholesaler	24
What it is	13	Women's Part	30
		PRICE CONTROL	
		Advantages	11
		Overall vs Selective	9
		Progressive Ceiling	11

DATE.	NAME OF BORROWER.
Feb. 8/43	Booklet no.1
May. 30, 43	R.C. Croft, Genl.
Oct 26/46	W. McMillan
Nov. 4/47	M. Shewchuk, ed. overdue

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